

Proposed Rule
LSA Document #11-6

DIGEST

Amends [872 IAC 1-2-1](#) by defining all the standards that are applicable to the accounting profession and which licensees within the profession the standards apply to. Amends [872 IAC 1-6-11](#) by further defining which American Institute of Certified Public Accountants (AICPA) Peer Review standards are to be followed by licensees. Effective 30 days after filing with the Publisher.

[IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses](#)

[872 IAC 1-2-1](#); [872 IAC 1-6-11](#)

SECTION 1. [872 IAC 1-2-1](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-2-1](#) Rules of professional conduct; applicability

Authority: [IC 25-2.1-2-15](#)

Affected: [IC 4-22-2](#); [IC 23-1.5](#); [IC 25-1-11-12](#); [IC 25-2.1](#)

Sec. 1. (a) In the interpretation and enforcement of this rule, the board will give consideration, but not necessarily dispositive weight, to relevant interpretations, rulings, and opinions issued by the following:

- (1) Boards of other jurisdictions.
- (2) Appropriately authorized committees on ethics of professional organizations.

(b) No licensee of the board shall violate the following standards, **as applicable**, for the competent practice of accounting appropriate to establish and maintain a high standard of integrity and dignity in the profession of public accountancy, which are incorporated by reference as if fully set out in this rule:

- (1) The following pronouncements on professional standards set forth in the AICPA Professional Standards, Volumes 1 and 2, (~~June 1, 2008~~), subject to the exceptions listed in subsection (c) (applicable to certified public accountants and certified public accountant firms only):

- (A) U.S. Auditing - AICPA, including the following:
 - (i) Statement on Auditing Standards - Introduction.
 - (ii) The General Standards.
 - (iii) The Standards of Field Work.
 - (iv) The First, Second, and Third Standards of Reporting.
 - (v) The Fourth Standard of Reporting.
 - (vi) Other Types of Reports.
 - (vii) Special Topics.
 - (viii) Compliance Auditing.
 - (ix) Special Reports of the Committee on Auditing Procedure.
- (B) Statements on Standards for Attestation Engagements.
- (C) Statements on Standards for Accounting and Review Services.
- (D) Code of Professional Conduct.
- (E) Statements on Standards for Valuation Services.
- (F) Statement on Standards for Consulting Services.
- (G) Tax Services.
- (H) Personal Financial Planning.

- (2) Professional corporation act at [IC 23-1.5](#).

- (3) National Society of Accountants (NSA) Rules of Professional Conduct and Official Interpretations, ~~May June~~ 2003, excluding the interpretations and Rule 9 (professional referrals) (applicable to accounting practitioners and public accountants and accounting practitioner and public accountant firms only).

- (4) **Pronouncements on international standards set forth by the International Accounting Standards Board (IASB) including the following:**

- (A) **International Financial Reporting Standards (IFRS).**
- (B) **International Accounting Standards (IAS).**
- (C) **International Financial Reporting Interpretations Committee (IFRIC).**

(D) Standing Interpretations Committee (SIC).

(5) Public Company Accounting Oversight Board (PCAOB), as follows:

(A) Auditing Standards.

(B) Interim Standards.

(C) Rules.

(c) As incorporated by reference in subsection (b)(1), the AICPA professional standards are amended to read as follows:

- (1) ET 50 (Principles of Professional Conduct – Sections 51 through 57) is deleted.
- (2) The third paragraph of Rule 505 (Form of Organization and Name) is deleted.
- (3) The phrase "standards promulgated by bodies designated by Council", or any similar reference, shall mean the standards incorporated by reference in subsection (b)(1).

(d) Except for the Statements of Standards for Attestation Engagements and the Statement on Standards for Accounting and Review Services, which are addressed by AT section 20.04 and AR section 20.04, respectively, notwithstanding the use of the word "should" in the AICPA pronouncements incorporated by reference in subsection (b)(1)(A) through (b)(1)(H), a certified public accountant must:

- (1) comply with the pronouncements **in effect at the time the licensee provides professional services or engages in any other activity requiring compliance therewith;** or
- (2) justify any departures therefrom and document how the alternative procedures performed in those circumstances were sufficient to achieve the objectives of the pronouncements.

(e) It shall be deemed incompetent practice contrary to high standards of integrity and dignity in the profession of certified public accountancy for a licensee of the board to be found by a court of competent jurisdiction to have engaged in accounting practices falling below professional standards in Indiana.

(f) As used in this rule, "member", as used in the:

- (1) AICPA Professional Standards; and
- (2) NSA Rules of Professional Conduct and Official Interpretations;

means licensee.

(g) Where matters incorporated by reference in this section conflict with express provisions of:

- (1) [IC 25-2.1](#) (accountancy act);
- (2) [IC 23-1.5](#) (professional corporation act); or
- (3) rules adopted by the board;

the express provisions control.

(h) No subsequent editions, amendments, supplements, or releases of the:

- ~~(1) AICPA Professional Standards;~~
- ~~(2) (1) NSA Rules of Professional Standards; or~~
- ~~(3) (2) NSA Rules of Professional Conduct;~~

will be in effect in Indiana or adopted by the board, except by following the rulemaking provisions of [IC 4-22-2](#).

~~(i) The standards incorporated by reference in subsection (b) apply to conduct that occurs after August 31, 2009. This subsection shall not be construed to extinguish the board's authority to impose any sanction under [IC 25-1-11-12](#) for conduct that occurred before September 1, 2009, in violation of a previous version of this section.~~

~~(j)~~ **(i)** A copy of the AICPA Professional Standards and the NSA Rules of Professional Conduct are available for public inspection at the offices of the Indiana Professional Licensing Agency, 402 West Washington Street, Room W072, Indianapolis, Indiana 46204. Copies of the AICPA Professional Standards are available from the entity originally issuing the document, the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, New York 10036-8775. Copies of the NSA Rules of Professional Conduct are also available from the entity originally issuing the document, the National Society of Accountants, 1010 North Fairfax Street, Alexandria, Virginia 22314.

(Indiana Board of Accountancy; Rule 69-1, 39; filed Jun 30, 1978, 9:54 a.m.: 1 IR 402; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1932; filed May 1, 1984, 12:50 p.m.: 7 IR 1544; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1040; filed Aug 28, 1986, 3:20 p.m.: 10 IR 68; filed Dec 11, 1992, 5:00 p.m.: 16 IR 1399; filed Feb 24, 1997, 4:00 p.m.: 20 IR 1736;

filed Dec 18, 2000, 9:27 a.m.: 24 IR 1353, eff Feb 1, 2001; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Nov 18, 2005, 9:40 a.m.: 29 IR 1214, eff Jan 1, 2006; filed Oct 3, 2006, 12:00 p.m.: [20061101-IR-872060065FRA](#), eff Jan 1, 2007; filed Jul 31, 2009, 8:45 a.m.: [20090826-IR-872090151FRA](#), eff Sep 1, 2009)

SECTION 2. [872 IAC 1-6-11](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-6-11](#) AICPA standards for peer/quality review program

Authority: [IC 25-2.1](#)

Affected: [IC 25-2.1](#)

Sec. 11. (a) That certain document being titled Standards for Performing and Reporting on Peer Reviews (~~copyright 2008, effective January 1, 2009~~), **in effect at the time the licensee engages in any other activity requiring compliance therewith** as published by the American Institute of Certified Public Accountants (AICPA), 1211 Avenue of the Americas, New York, New York 10036-8775, is hereby incorporated by reference as if fully set out in this rule except for the revision stated in this section. ~~This document applies to quality reviews performed after December 31, 2008.~~

(b) That certain document being titled Standards for Performing and Reporting on Peer Reviews (~~copyright 2004, effective January 1, 2005~~), **in effect at the time the licensee engages in any other activity requiring compliance therewith** as published by the American Institute of Certified Public Accountants (AICPA), 1211 Avenue of the Americas, New York, New York 10036-8775, is hereby incorporated by reference as if fully set out in this rule except for the revision stated in this section. ~~This document applies to quality reviews performed before January 1, 2009.~~

(c) Notwithstanding the use of the word "should" in the Standards for Performing and Reporting on Peer Reviews, a reviewer must:

- (1) comply with the standards; or
- (2) justify any departure therefrom.

(d) The Standards for Performing and Reporting on Peer Reviews is incorporated by reference in this rule to establish substantive standards for quality reviews. Any requirement for membership in the AICPA or other organization or the involvement of any AICPA entity or state CPA society in the quality review process shall not apply. The quality review program under this rule is administered by the board and the administering entity established under section 8 of this rule. However, this subsection shall not be construed to limit the involvement of either the AICPA or the state CPA society in any quality review activity involving their members as long as the resulting quality review complies with this rule.

(e) If any provision of the Standards for Performing and Reporting on Peer Reviews conflict in any way with [IC 25-2.1](#) or this title, it shall not apply.

(Indiana Board of Accountancy; [872 IAC 1-6-11](#); filed Oct 13, 2004, 11:30 a.m.: 28 IR 968; filed Dec 5, 2008, 10:29 a.m.: [20081231-IR-872070306FRA](#); readopted filed Nov 12, 2010, 10:07 a.m.: [20101208-IR-872100410RFA](#))

[Notice of Public Hearing](#)

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